

## Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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P R 170936Z APR 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC PRIORITY 8378

INFO AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 ATHENS 2968

E.O. 11652: GDS

TAGS: EFIN, GR

SUBJ: VISIT OF EXIMBANK CHAIRMAN CASEY TO GREECE

DEPT PASS EXIMBANK FOR CASEY; VIENNA FOR DIETZ

1. SUMMARY AND COMMENT: EXIM BANK CHAIRMAN WILLIAM CASEY VISITED ATHENS APRIL 14-16 AS GUEST OF BANK OF GREECE. IN DETAILED DISUCSSIONS CHARACTERIZED BY OPEN AND FRIENDLY ATMOSPHERE, CASEY EXPOORED PROSPECTS FOR INCREASED US-GREEK TRADE AND EXPORT FINANCING WITH GOVERNOR OF BANK OF GREECE ZOLOTAS, MINISTER OF COORDINATION PAPALIGOURAS, AND OTHER HIGH GOG OFFICIALS AND LEADING BANKERS AND BUSINESSMEN. VISIT WAS CLEARLY INTERPRETED BY GOG AS A FURTHER IMPORTANT ELEMENT IN THE CONTINUING PROCESS OF REBUILDING POLITICAL TIES WITH THE US VIA THE ECONOMIC ROUTE, AND GOG TREATMENT OF PUBLICITY (SEE SEPTTEL) INDICATES ITS READINESS TO MAKE THIS POINT ALSO WITH THE PUBLIC AT LARGE. CONCENTRATING ON BREAD-AND-BUTTER ISSUES OF CONCERN TO GREEK GOVERNMENT AND PRIVATE SECTOR, CASEY'S DISCUSSIONS OBVIOUSLY HAVE BROADER POLITICAL IMPLICATIONS. AT THIS PARTICULAR POINT IN US-GREEK RELATIONS, WITH DOLLAR PRICES NEVER MORE COMPETITIVE AND WITH GREECE NEVER MORE EAGER TO OPEN UP  
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NEW SOURCES OF FIREIGN FINANCING, WE REGARD THIS AS A

UNIQUE OPPORTUNITY FOR EXPANDED EXIMBANK ACTIVITY IN GREECE TO OPEN UP NEW MARKETS FOR US SUPPLIERS WHILE SIMULTANEOUSLY CONTRIBUTING TO US POLITICAL/ECONOMIC OBJECTIVES AS DESCRIBED IN EMBASSY'S RECENT COUNTRY ASSESSMENT. SUCH TIMELY EXIMBANK ACTIVITY WOULD BE INTERPRETED AS A SIGNIFICANT POLITICAL GESTURE BY THE US AT A TIME WHEN THE CARAMANLIS GOVERNMENT FEELS MOST VULNERABLE ON ITS BALANCE OF PAYMENTS FRONT. SPECIFICALLY, EMBASSY STRONGLY RECOMMENDS OPENING OF LINES OF CREDIT WITH MAJOR COMMERCIAL AND DEVELOPMENT BANKS, AND RAPID ACTION ON INDIVIDUAL NEW LOAN APPLICATIONS, IN ORDER TO CAPITALIZE ON ENTHUSIASM AND MOMENTUM GENERATED BY CASEY VISIT, AND MAXIMIZE IMMEDIATE IMPACT ON ECONOMY AND ON STILL EVOLVING POLITICAL SITUATION. END SUMMARY.

2. CASEY SCHEDULE BEGAN WITH SEPARATE MEETINGS WITH BANK OF GREECE GOVERNOR ZOLOTAS AND COORDINATION MINISTER PAPALIGOURAS, AT WHICH HE WAS ACCOMPANIED BY AMBASSADOR, ECONOMIC COUNSELOR, AND EXIMBANK VP FOR EUROPE DIETZ. ZOLOTAS HOSTED LUNCH APRIL 15, AT WHICH PAPALIGOURAS AND OTHER LEADING GOVERNMENT OFFICIALS AND PRIVATE BANKERS WERE PRESENT. SUBSEQUENT MEETINGS WERE HELD WITH PRESIDENTS OF THE LARGEST GREEK PRIVATE AND GOVERNMENT BANKS, AS WELL AS WITH INDUSTRIALISTS UNDER THE AEGIS OF THE FEDERATION OF GREEK INDUSTRIES. INFORMAL WORKING SESSION/ RECEPTION WAS HELD AT RESIDENCE FOR ABOUT 40 REPRESENTATIVES OF US BANKS AND FIRMS, IN COOPERATION WITH AMERICAN-HELLENIC CHAMBER AND PROPELLER CLUB.

3. MAIN THEMES STRESSED BY GOG OFFICIALS WERE (1) DESIRABILITY OF CLOSER ECONOMIC/FINANCIAL TIES WITH US CONTRIBUTING TO CLOSER POLITICAL RELATIONS, AND (2) GREECE'S NEED FOR NEW SOURCES OF EXTERNAL FINANCING IN FACE OF CURRENT SERIOUS BALANCE OF PAYMENTS SITUATION ENGENDERED BY COMBINATION OF OIL PRICES AND EXCEPTIONAL DEFENSE REQUIREMENTS.

4. IN MEETINGS WITH BOTH GOG AND PRIVATE SECTOR, CASEY EMPHASIZED THAT THERE WAS EVIDENTLY CONSIDERABLE ROOM FOR EXPANSION OF EXIMBANK ACTIVITIES IN GREECE, NOTING THAT

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EXIMBANK'S EXPOSURE IN GREECE WAS UNDER \$100 MILLION, AS COMPARED WITH AROUND ONE BILLION DOLLARS EACH IN YUGOSLAVIA AND SPAIN, AND SEVERAL HUNDRED MILLION DOLLARS IN ISRAEL. CASEY OUTLINED AVAILABLE EXIMBANK FACILITIES, NOTING THAT THE RECENT LIBERALIZATION IN EXIMBANK FINANCING TERMS WILL BETTER ENABLE IT TO MEET COMPETITION OF FOREIGN EXPORT FINANCING INSTITUTIONS.

5. CONSIDERABLE INTEREST WAS EXPRESSED ON GREEK SIDE FOR "MUTUALLY BENEFICIAL" EXPANSION OF EXIMBANK ACTIVITY. INTERESTINGLY, IN THE GOVERNMENT'S OFFICIAL PRESS COMMUNIQUE (SEE SEPTEL), PAPALIGOURAS NOTED THAT "DURING THE DICTATORSHIP, EXIM'S ASSOCIATION WITH GREECE WAS, FOR SELF-EVIDENT REASONS, LIMITED," A FRIENDLY INTERPRETATION WHICH IS OBVIOUSLY HELPFUL TO THE US IMAGE.

6. BOTH ZOLOTAS AND PAPALIGOURAS SPOKE OF HUNDREDS OF MILLIONS OF DOLLARS OF POTENTIAL BUSINESS THROUGH THE PUBLIC POWER CORPORATION AND OTHER PUBLIC ENTERPRISES, NEW PROJECTS IN THE NUCLEAR, PETROCHEMICAL, BAUXITE, FERTILIZER AND ENERGY AREAS, AND A REORGANIZATION OF THE GOVERNMENT-CONTROLLED HELLENIC INDUSTRIAL DEVELOPMENT BANK (ETVA - GREECE'S LARGEST DEVELOPMENT BANK) TO SERVE MORE EFFECTIVELY AS A CHANNEL FOR FOREIGN EXCHANGE TO GREEK INVESTORS.

7. ZOLOTAS AND OTHERS NOTED PAST COMPLAINTS OF "CUMBERSOME RED TAPE" AND EXCESSIVE DELAYS AND FORMALITIES IN OBTAINING EXIMBANK FINANCING. CASEY ASSURED THEM THAT, WORKING IN COOPERATION WITH EMBASSY ATHENS, EXIMBANK WOULD GIVE SPECIAL ATTENTION TO ITS GREEK PROGRAM AND WOULD ACT PROMPTLY ON APPLICATIONS AND REQUESTS FOR INFORMATION.

8. GREEK OFFICIALS AND BANKERS ALSO STATED THAT EUROPEAN

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P R 170936Z APR 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC PRIORITY 8379

INFO AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 2 OF 2 ATHENS 2968

EXPORT FINANCING INSTITUTIONS HAVE BEEN FASTER AND MORE FLEXIBLE IN THE PAST THAN EXIMBANK. THEY NOTED THE AVAILABILITY OF MAJOR LINES OF CREDIT THROUGH EUROPEAN BANKS FOR TERMS OF UP TO 10 YEARS, AND EXPRESSED STRONG INTEREST IN SIMILAR FACILITIES FROM EXIMBANK. PAPALIGOURAS AND THERS OBSERVED THAT SMALL AND MEDIUM-SIZED GREEK BUSINESSMEN LACKED THE EXPERTISE TO PREPARE DETAILED APPLICATIONS FOR EXIMBANK DIRECT CREDITS AND WOULD THEREFORE NOT APPLY FOR DIRECT LOANS WHEN THEY CAN DRAW ON EUROPEAN LINES OF CREDIT EXTENDED THROUGH LOCAL BANKS. THEY STRESSED THAT CONSIDERABLY MORE INTEREST IN US GOODS COULD BE STIMULATED IF THE LOCAL BANKS COULD BE ENLISTED AS INTERMEDIARIES FOR EXIMBANK FINANCING IN AN EXPANDED TYPE OF CFF PROGRAM WITH COMMERCIAL BNKS (AT HIGHER THAN THE CURRENT ONE MILLION DOLLAR CEILING FOR INDIVIDUAL TRANSACTIONS), AS WELL AS BY LOANS TO DEVELOPMENT BANKS (WITH GOVERNMENT GUARANTEE) SIMILAR TO THOSE GRANTED BY THE IBRD. CASEY SAID HE WOULD STUDY THESE SUGGESTIONS CAREFULLY, BUT NOTED THE DIFFICULTIES IN SIGNIFICANTLY MODIFYING WORLDWIDE PROGRAMS TO MEET LOCAL CONDITIONS. THE IDEA WAS THEN DISCUSSED OF GREEK BANKS PROVIDING TECHNICAL ASSISTANCE TO INDUSTRIALISTS IN PREPARING DIRECT LOAN APPLICATIONS TO EXIMBANK. PAPALIGOURAS RESPONDED

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TO THIS SUGGESTION WITH ALACRITY; HE SPOKE OF BANKS ORGANIZING SMALL SPECIAL STAFFS FOR THIS PURPOSE, AND IMMEDIATELY DISPATCHED HIS UNDER SECRETARY TO ACCOMPANY CASEY IN A MEETING WITH THE GOVERNOR OF ETVA TO EXPLORE THE IDEA FURTHER.

9. FOREIGN EXCHANGE RISKS, ALTHOUGH THE RECENT WEAKENING OF THE DOLLAR MAKES US EXPORT PRICES MORE ATTRACTIVE, THE BREAKING OF THE DRACHMA LINK WITH THE DOLLAR AND THE EXPECTATION OF FUTURE STRENGTHENING OF THE DOLLAR ALSO CURRENTLY MAKES GREEK BORROWERS RELUCTANT TO UNDERTAKE LONG-TERM OBLIGATIONS IN DOLLARS. BANK OF GREECE OFFICIALS STATED THEY WERE WORKING ON THE PROBLEM OF MAKING FOREIGN EXCHANGE LOANS GENERALLY MORE ATTRACTIVE TO LOCAL BORROWERS.

10. PUBLICITY. BOTH THE BANK OF GREECE AND ETVA STATED THEY WOULD DRAW ATTENTION OF OTHER BANKS AND OF INDUSTRIALISTS TO THE AVAILABILITY OF EXIMBANK CREDITS AND FACILITIES, AND THE DESIRE TO EXPAND EXIM ACTIVITIES IN GREECE. (PRESS REPORTS OF THE CASEY VISIT ALREADY INCLUDE MUCH FACTUAL DATA ON EXIM PROGRAMS.) THE FEDERATION OF GREEK

INDUSTRIES WILL PUBLISH DETAILED INFORMATION ON EXIMBANK FACILITIES IN ITS BIMONTHLY BULLETINS AND WILL DISCUSS IT THIS WEEK BEFORE ITS GENERAL COUNCIL OF ABOUT 100 INDUSTRIALISTS. THE OPPORTUNITIES FOR A NEW US EXPORT DRIVE IN GREECE, SUPPORTED BY EXIMBANK FINANCING, THEREFORE SEEM PROPITIOUS.

11. CHAIRMAN CASEY DEPARTED GREECE BEFORE THIS REPORT WAS PREPARED AND HAS NOT SEEN IT.  
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